Service Request 100231
Health Savings Account

Technical Specification

November 27, 2013
Prepared by Caroline Rider

Information Technology Services
Office of the President
University of California
## Version History

<table>
<thead>
<tr>
<th>Version #</th>
<th>Date</th>
<th>Revised By</th>
<th>Reason for Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>09/15/2013</td>
<td>Caroline Rider</td>
<td>Initial draft</td>
</tr>
<tr>
<td>1.1</td>
<td>09/18/2013</td>
<td>Caroline Rider</td>
<td>Remove IVR interface, revise compute/rush checks to include EMP_HLTH_COVEFFDT and remove (but leave notes about) CA taxation of employer contribution, add preliminary notes about 2014 W-2 modifications</td>
</tr>
<tr>
<td>1.2</td>
<td>09/20/2013</td>
<td>Caroline Rider</td>
<td>Include coverage end date in check for HSA eligibility; revise reporting file</td>
</tr>
<tr>
<td>1.3</td>
<td>09/27/2013</td>
<td>Caroline Rider</td>
<td>Revised layout for the X1 transaction; revised GTN numbers</td>
</tr>
<tr>
<td>1.4</td>
<td>10/02/2013</td>
<td>Caroline Rider</td>
<td>Fix a GTN value; add another filter to the amounts to be included in the interface file; add Pay Cycle to interface file; PPP494 will reformat the SSN; removed future tense from modification descriptions; translate alpha location codes to numeric in both places in the interface file; modified the check date format to match the HEQ format</td>
</tr>
<tr>
<td>1.5</td>
<td>11/27/2013</td>
<td>Caroline</td>
<td>Final clean-up</td>
</tr>
</tbody>
</table>
# Table of Contents

Version History ................................................................. 1
1 Introduction.................................................................... 3
   1.1 Service Request 100231.................................................. 3
2 Background....................................................................... 3
3 Overview of System Modifications.................................. 3
   3.1 EDB Maintenance Process........................................... 3
   3.2 Compute/Rush Check Process...................................... 3
   3.3 Other Interfaces.......................................................... 4
   3.4 Tax Process................................................................. 4
4 Design Considerations..................................................... 4
   4.1 Assumptions and Dependencies................................... 4
   4.2 General Constraints.................................................... 4
   4.3 External Impact.......................................................... 4
5 Mainframe Design............................................................ 4
   5.1 EDB Maintenance....................................................... 4
      5.1.1 COBOL Programs.................................................. 4
      5.1.2 Copy Members...................................................... 5
      5.1.3 Control Table Updates.......................................... 5
   5.2 Compute/Rush Checks.................................................. 5
      5.2.1 Database Changes................................................ 5
      5.2.2 COBOL Programs................................................ 6
      5.2.3 Control Table Updates.......................................... 6
   5.3 Other Interfaces.......................................................... 7
      5.3.1 COBOL Programs.................................................. 7
      5.3.2 Control Table Updates.......................................... 8
   5.4 Tax Process (deferred to Fall 2014)............................... 8
      5.4.1 COBOL Programs.................................................. 8
1 Introduction

This technical specification provides detailed information about the modifications necessary in PPS to support the implementation of a Health Savings Account (HSA) associated with enrollment in a new high-deductible medical insurance plan.

1.1 Service Request 100231

SR100231 asks for the implementation of a Health Savings Account. The HSA is associated with enrollment in a new high-deductible medical insurance plan (plan code SP, Blue Shield Health Savings Plan). The HSA includes a voluntary employee deduction, which is pre-tax for Federal and FICA taxes, but not for California taxes, and a one-time employer contribution, which is subject to California taxes.

2 Background

As part of the changes for medical plans for 2014, the University of California is offering a high-deductible medical plan that has an HSA associated with it. The HSA is a new type of benefit for UC employees, similar to, but distinct from, Flexible Spending Accounts (FSAs) and Health Reimbursement Accounts (HRAs).

3 Overview of System Modifications

3.1 EDB Maintenance Process

Employee enrollment in the HSA will be managed externally to PPS, via the Blue Shield insurance carrier interfaces. AYSO will be the primary means by which the voluntary employee deduction and the automatic employer contribution will be managed; AYSO will provide X1 transactions for deductions/contributions in the OE II process (along with the DepCare, FSA, and TIP changes that are tax year dependent). AYSO will also provide X1 transactions for deductions/contributions in the daily New Hire transaction batch. Employees will be able to request changes to the employee deduction via paper forms; Benefits will enter them (as well as any rare but necessary changes to the employer contribution) via online EDB Entry/Update (CICS function EGTN).

EDB daily maintenance will need to be modified to handle the X1 transaction for the employer contribution (a G-bal and D-bal pair, where the G- and the D-bal amount are the same) and the X1 transaction for the employee deduction (a G-bal for the monthly amount).

EDB maintenance will require no further modification if the generic deduction function EGTN is used for the manual entry of the employee deduction or employer contribution.

3.2 Compute/Rush Check Process

The compute and Rush Checks will need to be modified to support the timing of the employee deduction and the employer contribution; the deduction and/or contribution can be taken only if the employee is enrolled in the medical plan SP as of the first of the month for a given check date. For example, if the check date is 01/01/2014, the deduction and/or contribution can be taken if the employee is enrolled in plan SP on or prior to 01/01/2014, but not if the enrollment is on or after 01/02/2014.

The employee deduction is pre-tax for Federal and FICA taxes, and has no effect on California taxes, which can be managed by attributes in the GTN table. The employer contribution has no effect on Federal or FICA taxes, but is subject to California taxes. If the adjustment to the gross subject to California taxes can be done as a one-time dollar adjustment at Calendar Year end to the employee’s W-2 data, no further modifications to the compute are required.
3.3 Other Interfaces
The employee deduction and employer contribution amounts must be reported to the vendor. The interface process must produce a file after each compute; the files are to be transmitted to UCOP for periodic consolidation and distribution to the vendor.

3.4 Tax Process
Changes may be required for 2014 W-2s. The employer and employee HSA contribution amounts may need to be reported in box 12, code W. There will be a new process to add the YTD employer contribution amount to the CA taxable gross. These modifications will be held to be done with the expected 2014 tax reporting modifications.

4 Design Considerations

4.1 Assumptions and Dependencies
- Compliance with IRS limits for HSA contributions are intentionally not enforced in PPS; HSA owners may contribute to their accounts by other means.
- AYSO will make the initial calculation of the one-time employer contribution amount and the per-month voluntary employee deduction.

4.2 General Constraints
- PPS modifications are not intended to have a life of more than two or three years.
- Given the limited time available to modify PPS, the initial modifications are limited to those which are essential to offer the plan.
- Additional enrollment constraints, enrollment options, and/or reporting may be requested after the initial implementation.

4.3 External Impact
The employer contribution and the voluntary employee deduction are passed to PPS from IVR/AYSO after Open Enrollment in the OE II transactions file and daily in the New Hire daily update transactions file.
A new interface file of deduction and contribution activity is to be passed from PPS to PIN after each compute; PIN will periodically consolidate the campus files for distribution to the HSA vendor.

5 Mainframe Design

5.1 EDB Maintenance

5.1.1 COBOL Programs
5.1.1.1 PPESTEDB
PPESTEDB applies changes in temporary PPPEST table to the EDB during special maintenance process 5 (daily transactions). Modifications: accept one new X1 transaction with three elements:
• GTN 613 (employer contribution): D balance, G balance
• GTN 612 (employee deduction): G balance

The processing for GTN 253 can be used as a model (D and G balance for GTN 613 and G balance for GTN 612).

5.1.2 Copy Members

5.1.2.1 CPWSXEST
CPWSXEST defines working storage for various transactions passed by Web/IVR processes. Modifications: include the layouts for the two new X1 transactions.

The layout for GTN 253 can be used as a model (D and G balances for GTN 613 and G balance for GTN 612).

5.1.3 Control Table Updates

5.1.3.1 CTL Database
CTL update transactions will be keyed by the programmer and applied to the CTL database by running program PPP004.

5.1.3.1.1 Gross-to-Net Table
Transaction forms will be provided by the user.

5.2 Compute/Rush Checks

5.2.1 Database Changes

5.2.1.1 PPPBEN
PPPBEN contains benefits information for employees.

5.2.1.1.1 DDL Members

5.2.1.1.1.1 PPPV400A
PPPV400A modifications: include
EMP_HLTH_COVEFFDT
as
CHAR (EMP_HLTH_COVEFFDT, ISO).

5.2.1.1.2 Include Members

5.2.1.1.2.1 PPPV400A
PPPV400A modifications: include
10 EMP-HLTH-COVEFFDT PIC X(10).
and
EMP_HLTH_COVEFFDT CHAR(10) NOT NULL,
5.2.2 COBOL Programs

5.2.2.1 PPP400 – recompile only

5.2.2.2 PPFCBBEN

PPFCBBEN sets the current insurance plan enrollments to the appropriate future plan enrollments for compute processing. Modifications: set EMP-HLTH-COVEFFDT to HLTH-COVEFFDATE when there is a change in the health plan.

Overview of modifications:

In para 1000-MOVE-FUTURE-PLAN-TO-CURR, in the WHEN ‘M’ clause (after HLTH-COVEND-DATE is set):

If HLTH-PLAN is ‘SP’ and HOLD-HLTH-PLAN is not ‘SP’, move HLTH-COVEFFDATE to EMP-HLTH-COVEFFDT

5.2.2.3 PPNETCLC

PPNETCLC is called by net pay calculation programs to process deductions with special calculation routines. Modifications: support a new special calculation routine for HSA. The calculation routine will take the GTN amount only if the employee is enrolled in medical plan ‘SP’ on the first day of the check date of the current activity.

Overview of modifications:

Establish a new special calculation process (60), 6000-HSA-CALC

Convert KNET-CHECK-DATE (STD) to WS-HSA-CHECK-DATE (ISO) and set the day to 01.

If EMP-HLTH-COVEFFDT is <= WS-HSA-CHECK-DATE and (HEALTH-COVEND-DATE is = XDC3-LOW-ISO-DATE or HEALTH-COVEND-DATE is > WS-HSA-CHECK-DATE) and HLTH-PLAN is ‘SP’, move KNET-DED-BALAMT-GTN to KNET-DED-TO-TAKE, otherwise move ZERO to KNET-DED-TO-TAKE

5.2.2.4 PPNETDTK – recompile only

5.2.2.5 PPNETUPD – recompile only

5.2.2.6 PPRCADVC – recompile only

5.2.2.7 PPRCMDL2 – recompile only

5.2.2.8 PPRCNET – recompile only

5.2.2.9 PPWRCO2 – recompile only

5.2.3 Control Table Updates

5.2.3.1 CTL Database

CTL update transactions will be keyed by the programmer and applied to the CTL database by running program PPP004.
5.2.3.1.1 Code Translation Table

GTNDSC (20 chars) and GTNLBL (24 chars) entries for:

- GTN 612 (Health Sav Ded)
- GTN 613 (Health Sav Con)

5.3 Other Interfaces

5.3.1 COBOL Programs

5.3.1.1 PPP494 (new)

PPP494 creates the HSA report and interface. It produces a tab-delimited file after each compute for transmission to UCOP for periodic consolidation and distribution to the vendor.

Overview of processing (may be similar to PPP492):

Save the pay cycle check date (XPCR-CHECK-DATE) from the PCR record in the PAR file: if XPAR-ID-NO is zeros, move XPAR-PAYROLL-CONTROL-REC to XPCR-RECORD/CPWSXPCR). There should be only one PCR record in the PAR file.

For each employee in the PAR file:

- Clear all employee-level fields: <deduction amount>, <contribution amount>.
- Accumulate the employee deduction and employer contribution:
- For each PAR file record:
  - Examine the deduction segment:
    - If XPAR-SOURCE CODE <idx> is ‘ ’, ‘V’, ‘D’, or ‘P’
      - If XPAR-CUR-DED-CODE <idx> is GTN 612 (employee deduction) and XPAR-SOURCE-CODE <idx> is ‘ ’, ‘V’, ‘D’, or ‘P’:
        - add XPAR-CUR-AMT <idx> to <deduction amount>
      - If XPAR-CUR-DED-CODE <idx> is GTN 613 (employer contribution) and XPAR-SOURCE-CODE <idx> is ‘ ’, ‘V’, ‘D’, or ‘P’:
        - add XPAR-CUR-AMT <idx> to <contribution amount >
  - Write interface file or warnings report:
    - deduction: if <deduction amount> is less than zero, write an error message <employee has negative HSA deduction activity>
    - deduction: if <deduction amount> is greater than zero, write an interface record
    - contribution: if <deduction amount> is less than zero, write an error message <employee has negative HSA contribution activity>
    - contribution: if <deduction amount> is greater than zero, write an interface record

Inputs and Outputs

Input:

- Current EDB
- a single compute PAR (sequential)
Output:
- There will be one record for every employee who has net positive contribution activity for HSA and one record for every employee who has net positive deduction activity for HSA:

<table>
<thead>
<tr>
<th>Field</th>
<th>Length</th>
<th>Format</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location number</td>
<td>2</td>
<td>X(2)</td>
<td>XPAR-CAMPUS; convert ASUCLA (‘A’ to ‘97’) and Hastings (‘H’ to ‘98’)</td>
</tr>
<tr>
<td>Pay schedule code</td>
<td>2</td>
<td>X(2)</td>
<td>XPAR-PAY-CYCLE</td>
</tr>
<tr>
<td>Pay cycle check date</td>
<td>8</td>
<td>yyyyymmdd</td>
<td>XPCR-CHECK-DATE, reformatted</td>
</tr>
<tr>
<td>Employee SSN</td>
<td>11</td>
<td>nnn-nn-nnnn</td>
<td>XPAR-SS-NUMBER; reformatted</td>
</tr>
<tr>
<td>GTN</td>
<td>3</td>
<td>X(3)</td>
<td>‘612’ or ‘613’</td>
</tr>
<tr>
<td>Amount</td>
<td>7</td>
<td>9(5)V99</td>
<td>&lt;deduction amount&gt; for GTN 612; &lt;contribution amount&gt; for GTN 613; amount must not be negative or zero</td>
</tr>
<tr>
<td>Employee First Name</td>
<td>30</td>
<td>X(30)</td>
<td>PER.FIRST_NAME</td>
</tr>
<tr>
<td>Employee Last Name</td>
<td>30</td>
<td>X(30)</td>
<td>PER.LAST_NAME</td>
</tr>
<tr>
<td>Location number</td>
<td>2</td>
<td>X(2)</td>
<td>XPAR-CAMPUS; convert ASUCLA (‘A’ to ‘97’) and Hastings (‘H’ to ‘98’)</td>
</tr>
<tr>
<td>Employee ID</td>
<td>9</td>
<td>X(9)</td>
<td>XPAR-ID-NO</td>
</tr>
</tbody>
</table>

### 5.3.2 Control Table Updates

#### 5.3.2.1 CTL Database
CTL update transactions will be keyed by the programmer and applied to the CTL database by running program PPP004.

#### 5.3.2.1.1 System Messages Table
- 49401: EMPLOYEE HAS NET NEGATIVE HSA DEDUCTION ACTIVITY (batch severity 5)
- 49402: EMPLOYEE HAS NET NEGATIVE HSA CONTRIBUTION ACTIVITY (batch severity 5)

### 5.4 Tax Process (deferred to Fall 2014)

#### 5.4.1 COBOL Programs

##### 5.4.1.1 PPTAXEDB
PPTAXEDB generates the extracts for W-2 and/or UI processing and selected control and error reports. Modifications: as needed to support any reporting of the HSA amounts (box 12, W?).

Page 8
5.4.1.2  **PPP607 (new)**

PPP607 updates the CA-taxable grosses with the employer HSA contribution. This will likely be done via the creation of DA transactions. Issues to consider: does the employee’s CA tax withholding status matter (997/exempt)? If so, is the value at the end of the year sufficient?